MOSSEL BAY MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30-Jun-06

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 38 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

K. Nicol
Municipal Manager

Date

INDEX **Page**

Statement of Financial Position	**1**
Statement of Financial Performance	**3**
Statement of Changes in Net Assets	**4**
Cash Flow Statement	**5**
Accounting Policies	**6**
Notes to the Annual Financial Statements	**10**
Appendix A: Schedule of External loans	**27**
Appendix B: Analysis of Property, Plant and Equipment	**28**
Appendix C: Segmental Analysis of Property, Plant and Equipment	**32**
Appendix D: Segmental Statement of Financial Performance	**33**
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	**34**
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	**36**
Appendix F: Disclosure of Grants and Subsidies in terms of Section 123 of MFMA, 56 of 2003	**37**

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

	Note	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net assets		**531 175 204**	**459 628 016**
Housing development fund	1	11 239 726	10 518 771
Reserves	2	313 409 985	295 818 803
Capital replacement reserve		70 959 089	66 765 808
Capitalisation reserve		96 124 980	105 704 956
Government grant reserve		62 545 746	37 461 559
Donations and public contribution reserves		83 780 170	85 886 480
Accumulated surplus/(deficit)		206 525 493	153 290 442
Non-current liabilities		**13 477 200**	**14 437 293**
Long-term liabilities	3	1 705 895	2 140 703
Non-current provisions	4	11 460 535	12 000 000
Non-current deposits	5	310 770	296 591
Current liabilities		**54 828 166**	**46 240 095**
Consumer deposits	6	6 894 399	5 714 784
Provisions	7	2 702 342	-
Creditors	8	23 830 203	22 591 518
Unspent conditional grants and receipts	9	4 865 082	6 966 308
VAT	10	4 623 878	3 852 413
Bank overdraft		11 544 966	6 275 101
Current portion of long-term liabilities	3	367 295	839 972
Total Net Assets and Liabilities		**599 480 570**	**520 305 404**
ASSETS			
Non-current assets		**392 876 493**	**357 889 337**
Property, plant and equipment	11	385 014 005	348 091 013
Long-term receivables	12	7 862 488	9 798 323
Current assets		**206 604 077**	**162 416 067**
Inventory	13	20 297 741	20 934 547
Consumer debtors	14	19 387 012	17 199 624
Other debtors	15	11 406 349	10 536 637
Current portion of long-term debtors	12	503 770	737 605
Call investment deposits	16	155 000 000	113 000 000
Bank balances and cash	17	9 205	7 655
Total Assets		**599 480 570**	**520 305 404**

Not all comperative amounts have been restated due to extensive adjustments that should have been made to the historical accounting records, prepared in terms of the fund accounting.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

Budget					Actual		
2005 R		2006 R		Note	2006 R		2005 R
			Revenue				
26 760 850		29 858 777	Property rates	18	32 855 033		28 639 782
750 000		750 000	Property rates-penalties imposed & collection charges		1 294 384		921 266
150 245 604		171 748 695	Service charges	19	178 714 127		159 775 107
3 130 866		748 441	Rental of facilities and equipment		1 182 077		1 177 515
6 239 595	*	7 633 251	Interest earned - external investments		10 692 715	*	8 940 322
-		-	Interest earned - outstanding debtors		643 747		-
-		-	Dividends received		-		-
2 042 300		2 514 350	Fines		2 843 291		2 647 349
2 399 500		2 915 500	Licences and permits		3 586 068		3 385 908
-		-	Income for agency services rendered		-		-
2 505 800		16 836 000	Government grants and subsidies	20	46 157 523		2 525 250
23 560 152		22 348 676	Other income	21	36 144 637		21 000 205
1 470 000		2 150 000	Public contributions, donated and contributed PPE	22	5 996 998		3 750 789
-		-	Gains on disposal of PPE		142 717		-
219 104 667		**257 503 690**	**Total Revenue**		**320 253 315**		**232 763 493**
			EXPENDITURE				
72 839 750		81 908 591	Employee related costs	23	77 729 779		70 760 729
942 586		2 656 398	Remuneration of Councillors	24	3 162 351		2 459 315
8 260 000		8 313 871	Bad debts	25	10 827 434		8 260 000
2 292 446		2 910 000	Collection costs		4 884 647		3 156 166
26 369 423		21 837 207	Depreciation		20 639 026		26 369 365
8 847 971		12 971 380	Repairs and maintenance		17 262 768		8 123 317
3 986 424	*	139 171	Interest paid	26	274 065	*	4 167 718
45 690 344		54 326 718	Bulk purchases	27	51 826 074		46 542 505
7 924 026		10 099 669	Contracted services		9 014 322		5 080 239
6 674 025		7 783 000	Grants and subsidies paid	28	9 251 756		6 777 359
32 970 085		54 510 674	General expenses	29	44 242 638		33 091 918
-		-	Loss on disposal of PPE		79 227		-
216 797 080		**257 456 679**	**Total Expenditure**		**249 194 086**		**214 788 632**
2 307 587		**47 011**	**SURPLUS/(DEFICIT) FOR THE YEAR**		**71 059 228**		**17 974 861**
			Refer to Appendix E(1) for explanation of variances				

The 2005 comparative amounts have been restated due to the changes in the disclosure requirements.

Not all comparative amount have been restated due to extensive adjustments that should have been made to the historical accounting records, prepared in terms of the fund accounting.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

	Pre-GAMAP reserves & funds	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations & public contribution reserve	Accumulated surplus/(deficit)	Total
	R	R	R	R	R	R	R	R
2005								
Balance at 1 July 2004	235 087 840	10 518 771	-	-	-	-	17 972 747	263 579 358
Implementation of GRAP (Note 30)	(235 087 840)	-	212 281 684	105 704 956	37 461 559	85 886 480	(10 198 181)	196 048 657
Assets previous financed by Internal Advances	-	-	(145 515 877)	-	-	-	145 515 877	-
Restated balance	-	10 518 771	66 765 807	105 704 956	37 461 559	85 886 480	153 290 442	459 628 015
Surplus/(deficit) for the year								
Transfer to CRR								
PPE purchased								
Capital grants used to purchase PPE								
Donated/contributed PPE								
Contribution to Insurance Reserve								
Insurance claims processed								
Transfer to Housing Development Fund								
Offsetting of depreciation								
Balance at 30 June 2005	-	10 518 771	66 765 807	105 704 956	37 461 559	85 886 480	153 290 442	459 628 015
2006								
Correction of error (Note 31)	-	-	-	-	-	-	487 960	487 960
Restated balance	-	10 518 771	66 765 807	105 704 956	37 461 559	85 886 480	153 778 402	460 115 975
Surplus/(deficit) for the year	-	-	-	-	-	-	71 059 228	71 059 228
Transfer to CRR	-	-	30 502 970	-	-	-	(30 502 970)	-
PPE purchased	-	-	-	-	-	-	-	-
Contribution from CRR - purchase PPE	-	-	(26 309 689)	-	-	-	26 309 689	-
Transfer to FDR Government Grants Reserve	-	-	-	-	25 839 879	-	(25 839 879)	-
Transfer to FDR Don. and Public Contri. Reserve	-	-	-	-	-	3 400 071	(3 400 071)	-
Transfer to Housing Development Fund	-	8 073 079	-	-	-	-	(8 073 079)	-
Transfer from Housing Development Fund	-	(7 352 124)	-	-	-	-	7 352 124	-
Offsetting of depreciation	-	-	-	(9 579 976)	(755 692)	(5 506 381)	15 842 048	-
Balance at 30 June 2006	-	11 239 726	70 959 089	96 124 980	62 545 746	83 780 170	206 525 493	531 175 204

The 2005 comparative amounts have been restated due to the changes in the accounting treatment in terms of the MFMA.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006
CASH FLOW FROM OPERATING ACTIVITIES		**R**
Cash receipts from ratepayers, government and other		547 655 642
Cash paid to suppliers and employees		459 628 015
Cash generated from/(utilised in) operations	32	88 027 623
Interest received		11 336 461
Interest paid		(274 065)
Net cash from operating activities		99 090 019
Cash flows from investing activities		
Purchase of PPE		(57 687 141)
Proceeds on disposal of PPE		188 614
(Increase)/decrease in non-current receivables	12	2 169 671
Decrease in call investment deposits	16	(42 000 000)
Net cash from investing activities		(97 328 856)
Cash flows from financing activities		
New loans raised/(repaid)		(907 484)
Increase in consumer deposits	6	1 179 615
Net cash from financing activities		272 131
Net decrease in cash and cash equivalents		2 033 294
Cash and cash equivalents at the beginning of the year		(6 267 446)
Cash and cash equivalents at the end of the year	33	(11 535 761)

No comparative figures available for previous year due to change over to GRAP

MOSSEL BAY MUNICIPALITY

MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL

STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1. **BASIS OF PRESENTATION**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practises (GRAP) and the Standards of Generally Accepted Municipal Accounting Practises (GAMAP) prescribed by the Minister of Finance in terms of:

* *General Notice* 991 of 2005, issued in *Government Gazette* no. 28095 of 15 December 2005; and

* *General Notice* 992 of 2005, issued *in Government Gazette* no. 28095 of 7 December 2005;

The Standards comprise the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The effects of Changes in Foreign Exchange rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practises (GAAP) including any interpretations of such Statements issued by the Accounting Practises Board. A summary of the significant accounting policies are disclosed below.

Assets, Liabilities, Revenues and Expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. **PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

3. **GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

4. **HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

5. **RESERVES**

5.1 CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to the general bank or investment account. The cash in the bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 CAPITALISATION RESERVE

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.4 DONATIONS AND PUBLIC CONTRIBUTIONS RESERVE

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6. **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost, less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.
Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	Years	Other	Years
Infrastructure			
Roads and Paving	15-30	Buildings	30
Pedestrian Malls	20	Specialist vehicles	10
Electricity	15-30	Other vehicles	5
Water	15-20	Office equipment	5-10
Sewerage	15-20	Furniture and fittings	5-10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and equipment	10-15
Community			
Buildings	30	Other items of plant and equipment	2-5
Recreational Facilities	15-20	Landfill sites	20
Security	3-5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7. **INVESTMENTS**

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8. **INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

9. **ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

10. **TRADE CREDITORS**

Trade creditors are stated at their nominal value.

11. **REVENUE RECOGNITION**

11.1 REVENUE FROM EXCHANGE TRANSACTIONS

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly. Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

11.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received, based on past experience of amounts collected.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12. **CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

13. **PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

14. **CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

15. **UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. **FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are re-translated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

19. **COMPARATIVE INFORMATION**

19.1 CURRENT YEAR COMPARATIVES

Budgeted amounts have been included in the annual financial statements for the current and previous financial year.

19.2 PRIOR YEAR COMPARATIVES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1. HOUSING DEVELOPMENT FUND

	2006	2005
	R	R
Balance at beginning of the year	10 518 771	7 309 819
Income	8 073 079	3 414 152
Land Sales	-	-
Land Sales	-	-
Housing Selling Scheme Loans	7 094 965	-
Housing Letting Scheme Loans	978 115	-
Housing Selling Scheme Loans Interest	-	538 954
Housing Debtors	-	2 875 198
Less: Expenditure	7 352 124	205 200
Funding Capital Projects	6 450 000	205 200
Funding Operating Projects	902 124	-
Total Housing Development Fund assets and liabilities	11 239 726	10 518 771

2. RESERVES

Capital Replacement Reserve	70 959 089	66 765 808
Future Depreciation Reserve	-	-
Assets financed ex Capitalisation Reserve	96 124 980	105 704 956
Assets financed ex Government Grant	62 545 746	37 461 559
Assets financed ex Donations and Public Contributions	83 780 170	85 886 480
	313 409 985	295 818 803

The Capital Replacement Reserve is fully funded and invested in ring-fenced financial instruments.

3. LONG-TERM LIABILITIES

Local registered stock loans	959 222	1 626 734
Annuity loans	1 113 968	1 353 941
Capitalised lease liability	-	-
Government loans: Other	-	-
Sub-total	2 073 190	2 980 675
Less: Current portion transferred to current liabilities	367 295	839 972
Local registered stock loans	127 323	600 000
Annuity loans	239 972	239 972
Capitalised lease liability	-	-
Government loans: Other	-	-
Total external loans	1 705 895	2 140 703

Refer to Appendix A for more detail on long-term liabilities

4. NON-CURRENT PROVISIONS

Provision for Post Retirement Benefits	10 881 824	12 000 000
Provision for long-service	578 711	-
Total non-current provisions	11 460 535	12 000 000

Post Retirement Benefits

An actuarial valuation as at 30 June 2006 of the Mossel Bay Municipality's liability in respect of revenue pension benefits to eligible employees and retirees, has not been performed yet.

The unfunded liability in respect of past service for an amount of R14,331,506 has been made. The current portion is R1,794,238. Refer Note 7.

Provision made amounts to R12 000 000 plus an additional contribution of R 2 331 506. An amount of R1 794 238 was transferred to Current Provision. An amount of R1 655 444 was expenditure incurred during 2005/2006.

Long Service

A provision in respect of Long Service for an amount of R1,425,317 has been made. The current portion is R549,112. Refer Note 7

	Post Retirement	Long-service
The movement in the non-current provisions are reconciled as follows		
30 June 2006		
Balance at beginning of year	12 000 000	-
Contributions to provisions	2 331 506	1 425 317
Expenditure incurred	-	-
Increase in provisions due to discounting	-	-
Transfer to current provisions	(3 449 682)	(846 606)
Balance at end of year	10 881 824	578 711
30 June 2005		
Balance at beginning of year	-	-
Contributions to provisions	12 000 000	-
Expenditure incurred	-	-
Increase in provisions due to discounting	-	-
Transfer to current provisions	-	-
Balance at end of year	12 000 000	-

5. NON-CURRENT DEPOSITS

	2006 R	2005 R
Santos Pavilion Repair Fund		
Balance at beginning of year	296 591	281 926
Contributions during the year	-	-
Interest on Investment	14 180	14 665
Expenditure during the year	-	-
	310 770	296 591

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 99-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100,000 to the council as an investment. Interest earned may be used by Council for the maintenance of the building should he fail to do it himself.

6. CONSUMER DEPOSITS

	2006 R	2005 R
Electricity and Water	6 894 399	5 714 784
Interest Paid	-	-
Total consumer deposits	6 894 399	5 714 784
Included in deposits are no accrual of interest		
Guarantees held in lieu of electricity deposits	10 000	10 000

Included in the amount of R6,894,399 is an amount of R10,000 (R10,000 for 2005)

7. PROVISIONS

Post Retirement Benefits	1 794 238	-
Current portion of long-service provision	549 112	-
Performance Bonuses	358 991	-
Total Provisions	2 702 342	-

Performance bonuses accrue to employees on a quarterly basis, subject to certain conditions. The provisions is an estimate of the amount due to staff at the reporting date.

The movement in current provisions are reconciled as follows:	Post Retirement Benefits	Long-service	Performance Bonuses
30 June 2006			
Balance at beginning of year	-		
Transfer from non-current	3 449 682	846 606	-
Contributions to provisions	-	-	358 991
Expenditure incurred	(1 655 444)	(297 493)	-
Balance at end of year	1 794 238	549 112	358 991
30 June 2005			
Balance at beginning of year	-	-	-
Transfer from non-current	-	-	-
Contributions to provisions	-	-	-
Expenditure incurred	-	-	-
Balance at end of year	-	-	-

8. CREDITORS

	2006 R	2005 R
Trade creditors	4 822 906	3 030 236
Payments received in advance	4 305 643	-
Accrued Expenditure	1 880 901	-
Retentions	2 464 117	2 207 606
Staff leave	4 081 357	4 387 845
Recoverable Expenditure	-	29 454
Other creditors	1 640 202	10 330 780
Other deposits	4 635 076	2 605 597
Total creditors	23 830 203	22 591 519

The 2005 comparative amounts on the trade creditors and recoverable expenditure have been restated due to changes in disclosure requirements.

9. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9.1 Conditional grants from other spheres of government	4 008 249	6 212 296
Provincial Grants (Note 20)	1 223 802	1 006 860
National Grants (Note 20)	622 722	549 737
Other Government Grants	2 161 725	4 655 700
9.2 Other conditional receipts	856 834	754 012
District Municipality	79 401	30 000
Developers contributions	776 648	488 331
Public contributions	785	235 681
Total conditional grants and receipts	4 865 082	6 966 309

See Note 20 for reconciliation of grants from other spheres of government.
These amounts are invested in a ring-fenced investment until utilised in terms of section 12 of the MFMA.

10. VAT

	2006 R	2005 R
Opening Balance	(3 852 412)	-
VAT Payable (output)	26 575 668	23 214 627
VAT Receivable (Input)	(15 093 578)	(18 161 643)
Paid to SARS	(12 253 555)	(8 905 396)
Net VAT Payable	(4 623 877)	(3 852 412)

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over SARS

11. PROPERTY, PLANT & EQUIPMENT

As at 30 June 2005	Cost R	Accumulated Depreciation R	Carrying Value R
Land and Buildings	145 978 123	16 702 984	129 275 139
Infrastructure	272 551 196	89 021 719	183 529 477
Community	21 929 778	6 964 403	14 965 375
Other	42 468 453	22 147 431	20 321 022
	482 927 550	**134 836 536**	**348 091 013**

As at 30 June 2006	Cost R	Accumulated Depreciation R	Carrying Value R
Land and Buildings	146 745 797	18 340 718	128 405 079
Infrastructure	315 579 130	102 721 435	212 857 695
Community	25 823 837	7 832 103	17 991 734
Other	51 958 985	26 199 488	25 759 497
	540 107 749	**155 093 744**	**385 014 005**

Refer to Appendix B and B(1) for more detail.

12. LONG-TERM RECEIVABLES

Loans to controlled Municipal Entities		
Car Loans	516 523	1 511 514
Study Loans	113 231	176 630
Computer Loans	28 951	63 149
Land Sales Debtors	234 686	662 968
Public Assistance Loans	1 866 288	2 055 970
Housing Selling Scheme Loans	5 606 578	6 065 697
	8 366 258	10 535 928
Less: Current portion transferred to current receivables	503 770	737 605
Car Loans	193 485	737 605
Study Loans	-	-
Computer Loans	10 701	-
Loans Public Organisations	127 323	-
Land Sales Debtors	172 261	-
Housing Selling Scheme Loans	-	-
Total	7 862 488	9 798 323

Loans to Employees

Staff were entitled to various loans e.g. car and computer loans which attract interest at 8% and 8,5% per annum and which are repayable over a maximum period of 6 years.

These loans were granted before the implementation of the MFMA and the last of the loans are repayable by May 2010.

Public assistance loans

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These attract interest at a rate of 8% to 15% per annum and are repayable over a maximum period of 15 years.

Housing Selling Scheme Loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

Land Sales

Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

13. INVENTORY

Consumable stores - at cost	35 211	33 785
Maintenance materials - at cost	2 286 130	2 840 562
Meters	32 254	60 574
Spare parts - at unauthorised value	5 133	6 558
Purification Materials	238 197	292 252
Unsold properties held for resale - at unauthorised value	17 700 816	17 700 816
Total inventory	20 297 741	20 934 547

Inventory 2004/2005 = R3 233 730. Unsold properties held for sale transferred to inventory = R17 700 816. Total inventory = R20 934 547 (Refer note 30.5)

Stocks of R32,364 (R15,050 in 2004/05) were written off during this financial year.

14. CONSUMER DEBTORS

As at 30 June 2006	**Gross Balances**	**Provision for Bad Debts**	**Net Balance**
Service debtors	47 590 332	29 069 526	18 520 806
Rates	7 832 905	4 644 147	3 188 759
Electricity	7 458 708	1 621 065	5 837 643
Water	13 094 206	9 118 325	3 975 881
Refuse	6 052 895	4 001 044	2 051 852
Sewerage	13 151 617	9 684 946	3 466 670
Debtpack Collections	1 394 389	1 387 790	6 599
Housing Instalments	2 121 000	1 930 950	190 050
Housing rentals	444 143	425 691	18 452
Sundry Debtors	1 332 313	681 207	651 106
Total	52 882 176	33 495 164	19 387 012
As at 30 June 2005			
Service debtors	42 914 974	26 985 264	15 929 709
Rates	6 766 484	4 254 817	2 511 667
Electricity	6 892 580	4 334 107	2 558 473
Water	12 274 189	7 718 104	4 556 085
Refuse	5 678 234	3 570 517	2 107 717
Sewerage	11 303 486	7 107 719	4 195 767
Debtpack Collections	1 015 875	638 790	377 085
Housing Instalments	1 920 056	1 207 346	712 710
Housing rentals	485 245	305 126	180 119
Total	46 336 150	29 136 526	17 199 624

Sundry debtors were moved from Other Debtors to Consumer Debtors

	2006	**2005**
Rates: Ageing	**R**	**R**
Current (0 - 30 days)	2 669 402	2 269 030
31 - 60 Days	320 786	210 394
61 - 90 Days	198 571	183 173
91 - 120 Days	651 911	145 604
> 120 Days	3 992 235	3 958 284
Total	7 832 905	6 766 484
Electricity, Water, Refuse and Sewerage): Ageing		
Current (0 -30 days)	12 668 879	11 586 283
31 - 60 Days	1 467 854	1 388 903
61 - 90 Days	1 195 314	1 159 687
91 - 120 Days	3 171 109	854 113
> 120 Days	21 254 270	21 159 503
Total	39 757 426	36 148 489
Debtpack Collections		
Current (0 -30 days)	5 897	-
31 - 60 Days	702	400
61 - 90 Days	-	-
91 - 120 Days	169 840	-
> 120 Days	1 217 950	1 015 475
Total	1 394 389	1 015 875
Housing Instalments		
Current (0 -30 days)	107 437	-
31 - 60 Days	41 089	40 813
61 - 90 Days	41 524	40 893
91 - 120 Days	479 628	39 509

> 120 Days	1 451 322	1 798 841
Total	2 121 000	1 920 056

Housing rentals: Ageing		
Current (0 -30 days)	9 838	7 742
31 - 60 Days	4 640	4 784
61 - 90 Days	3 974	7 109
91 - 120 Days	54 455	4 621
> 120 Days	371 236	460 989
Total	444 143	485 245
Sundry Debtors		
Current (0 -30 days)	596 236	-
31 - 60 Days	35 012	-
61 - 90 Days	19 858	-
91 - 120 Days	149 958	-
> 120 Days	531 249	-
Total	1 332 313	-

15. OTHER DEBTORS

Accrued Income	4 435 902	3 235 243
Unauthorised expenditure (see Note 35.1)	-	-
Fruitless & wasteful expenditure (see Note 35.1)	-	27 695
Government subsidies	2 651 322	1 812 988
Other Debtors	4 305 912	5 460 711
Recoverable Expenditure	13 213	-
Total other debtors	11 406 349	10 536 637

16. CALL INVESTMENT DEPOSITS

Other deposits	155 000 000	113 000 000
Less: Current portion maturing within next 12 months - Refer Note 17	155 000 000	113 000 000
Total investments	-	-

Council policy is to make investments in accordance with the investment policy as follows:
- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- That council does not make use of the services of investment brokers
- Council's total investment portfolio be invested with banks rated as follows:
  - short-term investments (0 - 12 months) only institutions with an A1 and higher rating be used
  - long-term investments (more than 12 months) only institutions with AA or AAA or higher rating be used
- Not more than 50% of the total investments invested with one institution

No investments were written off during the year

17. BANK, CASH & OVERDRAFT BALANCES

The municipality has the following bank accounts:

Current account (Primary bank account)	**Account Numbers**		
Main Bank Account - ABSA	4055353399	3 910 961	11 858 401
Mossbayda Bank Account	9137428887	841 540	803 546
ABSA Cheque Account	4054793762	-	-
		4 752 501	12 661 947
Bank statement balance at beginning of year		12 661 947	5 619 667
Bank statement balance at end of year		4 752 501	12 661 947
Cash book balance at beginning of year - overdrawn		6 275 101	7 731 757
Cash book balance at end of year - overdrawn		11 544 966	6 275 101
Petty Cash / Float at beginning of year		7 655	5 915
Petty Cash / Float at end of year		9 205	7 655
INVESTMENTS: Current portion matures within next 12 months - Refer Note 16		155 000 000	113 000 000

All accounts are with ABSA. The balance of account no. 4054793762 - cheque account, is swept to the main account - Primary bank account.

The Mossbayda bank account is currently a holding account to facilitate the local economic development projects funded by the Industrial Development Corporation (IDC)

18. PROPERTY RATES

Actual		
Residential	22 499 997	19 999 219
Commercial	9 061 801	7 719 750
State	792 268	818 813
Municipal	-	-
Building Clause	24 830	25 652
Assessment Rate: Letting	1 930	2 552
Assessment Rate: State Building Kwa Nonqaba	78 222	73 796
Agricultural	396 626	278 859
Less: Income transferred to reserve fund	-	(278 859)
Less: Income forgone	(641)	-
Total assessment rates	32 855 033	28 639 782

	July 2005	**July 2004**
Valuations	**R000's**	**R000's**
Residential	4 890 212 660	4 419 191 811
Commercial	1 022 977 500	964 361 850
State	106 044 400	107 699 400
Municipal	304 258 110	309 332 309
Building Clause	9 365 601	11 218 201
Assessment Rate: Letting	-	-
Assessment Rate: State Building Kwa Nonqaba	12 135 800	12 135 800
Agricultural	284 875 800	275 569 000
Total property valuations	6 629 869 871	6 099 508 371

The General Valuation on land and buildings is performed every 4 years. The last General Valuation came into effect on 1st July 2003. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and sub divisions. Rates are levied on an annual basis with the final date for payment being 30 September. The basic rate for the 2005/2006 financial year varies between R0,001692 to R0,020564 for land, and R0,000815 to R0,005003 on buildings respectively. Qualifying pensioners receive an additional rebate of 15% and 30% on property tax. With regards to needy families where the joint income of husband and wife amounted to less than R2,500, interest at prime plus 1% per annum is levied on rates outstanding after due date.

19. SERVICE CHARGES

Sale of electricity	95 284 581	88 063 416
Sale of water	38 166 762	33 884 694
Refuse removal	16 314 396	13 959 593
Sewerage & sanitation charges	28 948 387	23 867 403
Total service charges	178 714 127	159 775 107

20. GOVERNMENT GRANTS & SUBSIDIES

Equitable share	10 764 093	-
Provincial health subsidies	3 711 164	2 525 250
National Government Grants	8 058 235	-
Provincial Government Grants	19 467 223	-
Main Road Subsidy - Provincial	215 155	-
IDC - Mossbayda	306 567	-
Other	3 635 085	-
Total Government Grant & Subsidies	46 157 523	2 525 250

20.1 Equitable Share

These grants are used to subsidise the provision of basic services to indigent communities

20.2 Provincial health subsidies

Balance unspent at beginning of year	544 498	1 010 709
Conditions met - transferred from liabilities	6 432	-
Current year receipts - included in public health vote	3 809 419	2 097 358
Conditions met transferred to assets	6 432	-
Conditions met - transferred to revenue	3 711 164	2 563 569
Conditions still to be met - transferred to liabilities (see note 9)	642 753	544 498

The Municipality renders health services on behalf of the Provincial Government and is refunded 100% of all expenditure incurred. This subsidy has been used exclusively to fund clinic services. The conditions of the grant have been met.

20.3 National Government Grants

Balance unspent at beginning of year	549 737	-
Current year receipts	8 229 175	12 393 926
Adjustments	(97 955)	11 844 189
Conditions met - transferred to revenue	8 058 235	-
Conditions still to be met - transferred to liabilities (see note 9)	622 722	549 737

Those received from National Government are for operational and capital expenditure. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

20.4 Provincial Government Grants

Balance unspent at beginning of year	1 006 860	-
Current year receipts	19 217 702	3 566 985
Adjustments	466 463	2 560 125
Conditions met - transferred to revenue	19 467 223	-
Conditions still to be met - transferred to liabilities (see note 9)	1 223 802	1 006 860

20.5 Main Roads Subsidy

Balance unspent at beginning of year		
Current year receipts	215 155	-
Conditions met - transferred to revenue	215 155	-
Conditions still to be met - transferred to liabilities (see note 9)	(0)	-

The Municipality received various grants from PAWC for operational and capital projects. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

21 OTHER INCOME

Building Plan Fees	5 008 784	3 174 773
Camping Fees	3 570 430	3 344 247
Rental Chalets	3 174 935	2 992 378
Availability Fees (Services)	8 461 518	7 011 826
Land Usage Fee	901 745	601 215
Contributions from External Services	7 857 307	-
Contributions from Land Sales	381 663	-
Insurance Claims	791 682	-
Other	5 996 573	3 875 765
Total other income	36 144 637	21 000 205

22 PUBLIC CONTRIBUTIONS

District Municipality	2 495 513	1 248 668
Developers Contributions	929 797	-
Public Contributions	513 197	-
Connection Fees	2 049 491	2 502 121
Other	9 000	-
Total public contributions	5 996 998	3 750 789

22.1 District Municipality

Balance unspent at beginning of year	30 000	-
Current year receipts	2 544 913	2 153 072
Adjustments	-	874 404
Conditions met - transferred to revenue	2 495 513	1 248 668
Conditions still to be met - transferred to liabilities (see note 9)	79 401	30 000

22.2 Developers Contributions

Balance unspent at beginning of year	488 331	488 331
Current year receipts	1 218 115	-
Adjustments	-	-
Conditions met - transferred to revenue	929 797	-
Conditions still to be met - transferred to liabilities (see note 9)	776 648	488 331

22.3 Public Contributions

Balance unspent at beginning of year	235 681	-
Current year receipts	278 300	564 118
Adjustments	-	328 437
Conditions met - transferred to revenue	513 197	-
Conditions still to be met - transferred to liabilities (see note 9)	785	235 681

The Municipality receives grants from various private funders for operational and capital projects. Other than the amounts unspent the conditions of the grants have been met. No funds have been withheld.

23 EMPLOYEE RELATED COSTS

Employee-related costs - Salaries, Wages & Bonuses	54 173 230	50 423 748
Employee-related costs - Contributions for UIF, pensions & medical aids	12 932 570	13 306 385
Travel, motor car, accommodation, subsistence & other allowances	3 816 048	2 567 126
Housing benefits & allowances	733 830	1 021 236
Overtime payments	4 234 563	3 442 236
Executive packages	2 640 578	-
Less: Employee costs capitalised and to other operating maintenance	(801 041)	-
Total employee-related costs	77 729 779	70 760 729

Remuneration of the Municipal Manager

Annual remuneration	438 516	375 599
Performance bonuses	104 437	98 525
Car allowance	120 000	158 663
Administration	16 391	18 396
Telephone	24 000	12 000
Contributions to UIF, Medical & Pension Funds	90 419	86 673
Group Insurance	6 624	5 472
Industrial Council	32	32
Total	800 419	755 360

Remuneration of the Chief Financial Officer

Annual remuneration	322 422	296 049
Performance bonuses	83 549	78 820
Car allowance	96 453	98 715
Contributions to UIF, Medical & Pension Funds	131 244	125 199
Group Insurance	6 624	5 472
Industrial Council	32	32
Total	640 324	604 288

Remuneration of individual executive directors **30 June 2006**	**Technical Services**	**Corporate Services**	**Community Services**
Annual remuneration	203 872	-	242 889
Performance bonuses	76 057	69 367	83 549
Acting allowance	30 899	58 477	-
Car allowance	56 713	-	120 000
Administration	-	-	79 985
Telephone	-	-	36 000
Contributions to UIF, Medical & Pension Funds	60 185	-	71 302
Group Insurance	3 864	-	6 624
Industrial Council	19	-	32
Total	431 608	127 844	640 382

30 June 2005

Annual remuneration	286 530	142 500	218 346
Performance bonuses	78 820	39 410	78 820
Acting allowance	-	24 359	-
Car allowance	140 555	60 000	120 000
Administration	-	8 196	79 985
Telephone	-	12 000	36 000
Contributions to UIF, Medical & Pension Funds	92 878	37 286	65 633
Group Insurance	5 472	2 736	5 472
Industrial Council	32	16	32
Total	604 288	326 503	604 288

24. REMUNERATION OF COUNCILLORS

	2006	2005
Executive Mayor	270 779	254 744
Executive Deputy Mayor	227 640	212 274
Speaker	226 645	212 186
Mayoral Committee members	648 307	609 385
Councillors	1 396 874	931 582
Councillors' pension contributions	322 095	172 647
Councillors' medical contributions	70 013	66 498
Total Councillors' remuneration	3 162 351	2 459 315

In kind benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Mayoral Committee members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at Councils cost. The Executive and Deputy Mayor have access to Council-owned vehicles for ceremonial and official functions. Full-time Councillors are equipped with computers in their offices.

25. BAD DEBTS

Contribution to Bad Debt Provision	4 358 638	8 260 000
Bad Debts written-off : Services	6 468 796	-
	10 827 434	8 260 000

26 INTEREST PAID

External Borrowings	221 894	-
Current Deposit	52 171	-
Total interest	274 065	-

27 BULK PURCHASES

Electricity	45 534 418	43 518 820
Water	6 291 656	3 023 685
Total bulk purchases	51 826 074	46 542 505

28 GRANTS & SUBSIDIES PAID

Grants and Donations Public	89 710	-
Grant in Aid (Assessment Rates)	48 549	45 976
Grant in Aid (Services)	8 445 653	6 289 307
Subsidy: Benefit Discount Scheme	509 896	-
SPCA	142 947	103 457
Hessequa Municipality	15 000	-
Sport: Karate Japan (M. Coetzer)	-	1 000
F Meyer	-	1 000
A Terblanche	-	2 000
D Oosthuizen	-	1 000
Mossel Bay Hospital (Tarring of Entrances)	-	50 698
Brandwacht Primary School	-	2 500
L. Airdien	-	1 000
J. Levendal	-	1 000
A. Andrews	-	1 000
C.R.A Pieterse	-	1 000
K. De Wet	-	1 000
V. Chauki	-	1 000
Down's Syndrome Organisation	-	1 500
S.W.D Tennis Organisation	-	1 000
M.S.B Child & Family Care Organisation	-	2 500
Other Donations	-	269 421
Total grants & subsidies	9 251 756	6 777 359

Notes to Grants and Subsidies

SPCA
Contribution to pounding of animals

Hessequa Municipality
Contribution to Gouritz Nature Conservation Area

29 GENERAL EXPENSES

Audit Fees - External Auditors	534 356	540 000
Bank Charges	1 159 577	1 005 533
Community Meetings	64 919	-
Conferences & Seminars	30 080	35 845
Consultant Fees	331 860	41 500
Contract Work	926 754	5 063 226
Contributions to Leave Gratuity Provision	198 410	1 269 744
Contributions to Long Service Bonus Provision	1 425 317	-
Contributions to Post Retirement Benefits Provision	2 331 506	-
Entertainment - Public	20 292	23 568
Fuel & Oil	2 715 149	2 193 847
Hire Charges	35 450	429 120
Housing: Top Structures	135 584	-
Industrial & Tourism - Sect. 21 Co	1 881 219	1 252 811
Insurance	2 743 692	1 483 470
Inventory Items	703 093	1 867 822
Lease Charges	408 916	-
Legal Costs	518 158	580 264
Levy - Bargaining Council	24 636	24 731
Levy - D.M.: Establishment	293 509	255 917
Levy - D.M Services	223 748	208 945
Levy - Skills Development (SETA)	556 515	-
Levy - Water : DWAF	350 988	122 410
Licence Fees	214 881	204 077
Materials and Stores	4 343 438	3 656 061
Mayor's Public Expenses	1 146	-
Municipal Charges	7 358 750	6 234 511
Public Functions	237 916	174 013
Refuse Tip Site - External	1 461 280	-
Relief / Charitable Expenses	266 215	-
Transfer to Transformation Funds	86 905	-
Transfer to Equitable Share	5 945 300	-
Street Lighting	1 168 826	1 708 567
Telephones and Communications	1 833 061	1 477 870
Travelling & Subsistence	280 315	265 740
Water Rural Areas	433 087	-
Other	5 830 874	4 841 921
Less:	(2 833 086)	(1 869 596)
Stores handling charges	(369 345)	(311 726)
Vehicle and Equipment Recoveries	(77 219)	(41 376)
Departmental Costs	-	(1 516 493)
Recoverable Expenditure	(2 386 522)	-
	44 242 638	33 091 918

The 2005 comparative amounts have been re-classified due to changes in the disclosure requirements with the implementation of GAMAP.

30 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of GAMAP:

	2005
30.1 **Statutory Funds**	
Balance previously reported:	
Capital Development Fund	151 563 339
Fire Brigade Insurance Fund	182 122
Dana Bay Development Fund	1 125 858
Sport Facilities Fund - Hartenbos	29 468
Lifesaver's Fund	57 814
Parking Area Development Fund	516 730
Total	**153 475 330**
Implementation of GRAP	
Transferred to the capital replacement reserve	153 475 330
Total	**153 475 330**

30.2	**Provisions and Reserves**	
	Balance previously reported:	
	Reserves	
	Sport Centre Reserve Fund	376 352
	External Services Development Fund	18 642 694
	Tourism Development Fund	7 738 917
	Vehicle / Plant Maintenance Renewal Fund	1 284 272
	Equipment / Machinery Maintenance Fund	1 471 465
	Santos Pavilion Repairs Fund	296 591
	Buildings Maintenance Fund	1 909 590
	Service Reserve Fund Rural Areas	467 564
	Effective Administration - Reserve Fund	53 757
	Road Maintenance Fund	2 152 829
	Electricity - Repairs and Maintenance Fund	165 492
		34 559 522
	Provisions	
	Bad Debt Reserve Fund	29 136 526
	Leave Gratuity Fund	2 908 136
	Valuation Reserve Fund	1 311 655
		33 356 316
	Total	**67 915 838**
	Implementation of GRAP	
	Transferred to the capital replacement reserve	35 574 586
	Transfer to Non-current Deposits: Santos Pavilion Repair Fund	296 591
	Bad Debt Provision	29 136 526
	Staff Creditors: Leave Gratuity	2 908 136
	Total	**67 915 838**
30.3	**Trust Funds**	
	Balance previously reported:	
	Mossel Bay Housing Projects	11 849 724
	Airfield 263 erven	26 307
	Casino Facilities Fund	438 596
	Facilities Fund Midbrak	75 242
	Flood Disaster Fund	1 306 803
		13 696 671
	Implementation of GAMAP	
	Transfer to other creditors	26 307
	Transfer to developer-grants: Specific PPE	438 596
	Transfer to Capital Replacement Reserve	13 231 768
		13 696 671
30.4	**Loans Redeemed and other Capital Receipts**	
	Balance previously reported	**387 175 128**
	Implementation of GAMAP	
	Transferred to the Government Grant Reserve	37 461 559
	Transferred to the Donations and Public Contributions Reserve	85 886 480
	Transfer to the Accumulated Depreciation	134 836 536
	Transferred to accumulated surplus/(deficit) (see 30.10 below)	128 990 553
	Total	**387 175 128**
30.5	**Property, Plant & Equipment**	
	Balance previously reported	**510 632 438**
	Implementation of GAMAP	
	Transferred to assets: Capital Expenditure	482 927 553
	Transferred to accumulated surplus: Inventory Items written-off (see 30.11 below)	10 004 069
	Transferred to inventory: Unsold Property held for resale	17 700 816
	Total	**510 632 438**
30.6	**Accumulated Depreciation**	
	Balance previously reported	-
	Implementation of GRAP	
	Transferred from Loans redeemed and other Capital receipts	
	Backlog depreciation: Land and Buildings	(16 702 984)
	Backlog depreciation: Infrastructure	(89 021 719)
	Backlog depreciation: Community	(6 964 403)
	Backlog depreciation: Other	(22 147 431)
	Backlog depreciation: Housing Development Fund	-
	Total	**(134 836 536)**

30.7	**Non-Current Provisions**	
	Balance previously reported	-
	Implementation of GRAP	
	Post Retirement Benefits previously not recognised transferred from accumulated surplus (See note 30.10 below)	12 000 000
	Total	**12 000 000**
30.8	**Distributable Reserve**	
	Balance previously reported	-
	Implementation of GRAP	
	Capital Replacement Reserve previously not recognised transferred from accumulated surplus (See note 30.10 below)	10 000 000
	Capitalisation Reserve previously not recognised transferred from accumulated surplus (See note 30.10 below)	105 704 956
		115 704 956
30.9	**Staff Creditors**	
	Balance previously reported	**-**
	Implementation of GRAP	
	Transferred from accumulated surplus/(deficit) (see 30.10 below)	1 479 709
	Transferred from provisions (see 30.2)	2 908 136
	Total	**4 387 845**
30.10	**Accumulated Surplus/(Deficit)**	
	Balance previously reported	17 972 747
	Implementation of GRAP	
	Inventory Items written - off (transferred to accumulated surplus) (see 30.5)	(10 004 069)
	Transferred to Staff Creditors (see 30.9)	(1 479 709)
	Transferred to Distributable Reserves (see 30.8)	(115 704 956)
	Transferred to Non- Current Provisions (see 30.7)	(12 000 000)
	Transferred from loans redeemed and other capital receipts (see 30.4 above)	126 642 059
	Transferred from Temporary Capital Advances (see 30.4)	2 348 494
	Total	**(10 198 181)**

31 CORRECTION OF ERROR

During the year ended 30 June 2005 , the following corrections were made:

Incorrect Debit Raisings: Services	561 250
Correction of unallocated tax	368 001
Transfer of Audit fees for previous and current year not applicable with implementation of GRAP	540 000
	1 469 251
Incorrect Debit Raising: Services	(917 457)
Correction of unallocated tax	(63 834)
Total : Net Effect on surplus / (deficit) for the year	**487 960**

32 CASH GENERATED BY OPERATIONS

Surplus for the year	71 059 228	-
Adjustment for:		-
Depreciation	20 639 026	-
Gain and loss on disposal of property, plant and equipment	(63 488)	-
Contributions to provisions	12 529 295	-
Contributions to bad debt provision	2 567 434	-
Investment Income	(11 336 462)	-
Interest paid	274 065	-
Operating surplus before working capital changes:	95 669 097	-
Decrease in inventories	636 806	-
(Increase)/decrease in debtors	(6 546 026)	-
(Increase)/decrease in other debtors	(869 712)	-
(Decrease)/increase in conditional grants & receipts	(2 101 226)	-
Increase in creditors	1 238 684	-
Cash generated by operations	88 027 623	-

33 CASH & CASH EQUIVALENTS

Cash & cash equivalents included in the cash flow statement compromise the following statement of amounts indicating financial position:

Bank balance and cash	9 205	7 655
Bank overdraft	11 544 966	6 275 101
Total cash and cash equivalents	(11 535 761)	(6 267 446)

34 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see note 3)	2 073 190	2 980 675
Used to finance PPE - at cost	(2 073 190)	(2 980 675)
Sub-total	-	-

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See note 17)

35 UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE DISALLOWED

35.1 **Unauthorised expenditure**

	2006	2005
Reconciliation of unauthorised expenditure		
Opening balance	-	27 695
Unauthorised expenditure current year	-	-
Approved by council or condoned	-	-
Transfer to receivables for recovery (note 15)	-	(27 695)
Unauthorised expenditure awaiting authorisation	-	-

Incident	Steps Taken
Overspending legal cost awarding of a contract for the development of the Point area.	This matter was considered by the Public Protector who recommended that the cost should be recovered from the former Council members.
Non compliance with SCM policy by employees in the procurement of quotations and the allocation of contracts to suppliers.	An investigation was done by KPMG and a report with the factual findings is awaited.

35.2 **Fruitless & wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

35.3 **Irregular expenditure**

Reconciliation of irregular expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	-	-

36 ADDITIONAL DISCLOSURES i.t.o THE MFMA

36.1 **Contributions to SALGA**

Opening balance	-	-
Council subscriptions	309 176	339 671
Amount paid - current year	(309 176)	(339 671)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

36.2 **Audit fees**

External Audit Fees		
Opening balance	-	-
Current year audit fee	534 356	495 200
Amount paid - current year	(534 356)	(495 200)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

36.2 **Internal Audit Fees**

Opening balance	-	338 913
Current year audit fee	601 433	269 829
Amount paid - current year	(601 433)	(269 829)
Amount paid - previous years	-	(338 913)
Balance unpaid (included in creditors)	-	-

36.3 **VAT**

VAT inputs receivables and VAT outputs receivables are shown in Note 10.
All VAT returns have been submitted by the due date throughout the year.

36.4 **PAYE and UIF**	2006 R	2005 R
Opening balance	-	-
Current year payroll deductions	8 222 104	8 112 947
Amount paid - current year	(8 222 104)	(8 112 947)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

36.5 **Pension, Provident and medical aid deductions**

Opening balance	-	-
Current year payroll deductions and council contributions	17 685 388	16 254 776
Amount paid - current year	(17 685 388)	(16 254 776)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

36.6 **Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days

30 June 2006	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor K Vanda	270	270	-
Total Councillor Arrear Consumer Accounts	**270**	**270**	-

30 June 2005	Total	Outstanding less than 90 days	Outstanding more than 90 days
	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-

	Highest Amount Outstanding	Ageing
30 June 2006		
Councillor K Vanda	270	60 days
30 June 2005		
Councillor:		

36.7 **Non-compliance with Chapter 11 of the MFMA**
There were no deviations in terms of chapter 11 of the MFMA

36.8 **LEVIES PAID TO OTHER GOVERNMENT ORGANISATIONS**

36.8.1 **Levy District Municipality: Establishment**	293 509	255 917
36.8.2 **Levy District Municipality: Services**	223 748	208 945
36.8.3 **Skills Development Levy**	556 515	524 297

37 CAPITAL COMMITMENTS

	2006	2005
Commitments in respect of capital expenditure:		
-approved and contracted for	8 541 482	57 687 140
Infrastructure	7 901 482	43 456 631
Community	640 000	4 123 063
Heritage	-	-
Other	-	9 519 578
Specialised Vehicles	-	587 868
Investment Properties	-	-
-approved but not yet contracted for	67 145 518	27 159 620
Infrastructure	56 867 118	27 159 620
Community	839 000	-
Heritage	-	-
Other	7 219 400	-
Housing Development Fund	2 220 000	-
Investment Properties	-	-
Total	75 687 000	84 846 760
This expenditure will be financed from:		
-External loans	7 761 000	-
-Capital replacement reserve	46 996 000	30 116 818
-Government grants	14 072 000	26 036 928
-Public contributions / donations	2 138 000	20 645 227
-District Council grants	2 500 000	1 557 787
-Housing Trust Fund	2 220 000	6 490 000
	75 687 000	84 846 760

38 RETIREMENT BENEFIT INFORMATION

The personnel of the Mossel Bay Municipality are members of the funds as set out here under. These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 27%, 9% by the members and 18% by Council. The fund was certified by actuary as being in a sound financial state as at 30 June 2004. The valuation disclosed an actuarial surplus of R28,8 million and was funded 101,2%.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund in a sound financial position as at 30 June 2004.

SALA PENSION FUND

The fund remains financially unsound and was 81,9% funded (which is a decline on the previous statutory valuation in 2001, where it was 92,1% funded) at the valuation date 30 June 2004. There is significant pressure on the required future service contribution rate, since the total of the employer and employee contributions is not sufficient to fund the current benefits as well as the deficit within the remaining 7-year period of the original scheme of arrangement with the Financial Services Board. In a revised scheme of arrangement approved by the Financial Services Board as at 1 July 2003, the Financial Services Board agreed to spread this over 10 years. The revised scheme of arrangement as negotiated with the Financial Services Board has been taken into account in the statutory actuarial valuation 30 June 2004, but the rule amendments giving effect to these changes have not yet been approved. The Council is contributing an additional 2,71% to the fund as from 1 July 2005 effective from July 2003.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2002 and reported a funding ratio of 124,5%.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The SAMWU National Provident Fund is a defined contribution scheme. The last actuarial valuation of the fund was performed at 30 June 2002 and certified as being in a financial sound position.

39 CONTINGENT LIABILITY

39.1 Contractual disputes

Contractual claims in respect of court cases that are currently in dispute and being addressed through mediation the maximum unforeseen liability is estimated at R927 653.

39.2 Guarantees of employees housing loans

Guarantees have been issued to various financial institutions on behalf of officials in respect of the housing loans. This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantees amount to R232 832, and council has a right to recovery.

40 EVENTS AFTER THE REPORTING DATE

Flood disaster damages

The Mossel Bay Municipality suffered some serious damages to its infrastructure during August 2006. The financial effect of this damage amounts to +/- R15,000,000 and the Council is uncertain as to what the effect on the revenue will be, or what the terms and conditions of any grants from National and Provincial Government will be. However it appears that this will not negatively impact on Council's finances.

APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006

External loans	Loan number	Redeemable	Balance at 30/06/05	Received during the period	Redeemed written off during the period	Balance at 30/06/06	Carrying value of PPE	Other costs in accordance with the MFMA
Long-term loans			R	R	R	R	R	R
Stock loan @ 16.50%	1/01/92	2005/09/24	60 423	-	60 423	-	-	-
Stock loan @ 18.90%	6	2005/12/31	150 000	-	150 000	-	44 792	-
Stock loan @ 18.90%	7	2005/12/31	50 000	-	50 000	-	14 931	-
Stock loan @ 18.90%	8	2005/12/31	50 000	-	50 000	-	14 931	-
Stock loan @ 18.90%	9A	2005/12/31	75 000	-	75 000	-	22 396	-
Stock loan @ 18.90%	9B(i)	2005/12/31	35 000	-	35 000	-	10 451	-
Stock loan @ 18.90%	9B(ii)	2005/12/31	40 000	-	40 000	-	11 944	-
Stock loan @ 18.25%	10	2006/06/30	200 000	-	200 000	-	59 722	-
Stock loan @ 8.00%	1/82	2007/06/30	10 000	-	-	10 000	-	-
Stock loan @ 8.00%	3/82	2007/12/31	9 000	-	-	9 000	-	-
Stock loan @ 16.75%	-	2008/12/31	132 000	-	-	132 000	99 000	-
Stock loan @ 8.00%	1/84	2008/12/31	5 000	-	-	5 000	-	-
Stock loan @ 12.50%	1/93/94	2009/03/13	41 740	-	-	41 740	-	-
Stock loan @ 15.00%	1/89/90	2009/12/31	25 000	-	-	25 000	-	-
Stock loan @ 14.75%	1/92/93	2009/06/29	42 765	-	-	42 765	-	-
Stock loan @ 15.00%	1/97	2012/12/31	23 700	-	-	23 700	-	-
Stock loan @ 15.00%	2/97	2012/12/31	12 310	-	-	12 310	-	-
Stock loan @ 15.00%	1/99	2013/12/31	9 250	-	-	9 250	-	-
Stock loan @ 15.00%	2/99	2015/12/31	92 500	-	-	92 500	-	-
Stock loan @ 15.00%	2/2000/01	2015/11/01	13 538	-	-	13 538	-	-
Stock loan @ 15.00%	1/2000/01	2015/07/20	92 308	-	-	92 308	-	-
Stock loan @ 15.00%	4/2000/01	2015/03/01	13 847	-	-	13 847	-	-
Stock loan @ 15.00%	1/2001/02	2016/10/01	178 462	-	-	178 462	-	-
Stock loan @ 15.00%	2/2001/02	2016/10/01	36 924	-	-	36 924	-	-
Stock loan @ 15.00%	1/2002/03	2018/03/07	61 539	-	-	61 539	-	-
Stock loan @ 12.00%	2/2003/04	2018/10/31	30 714	-	-	30 714	-	-
Stock loan @ 12.00%	1/2003/04	2018/09/18	135 714	-	7 089	128 625	-	-
Total long-term loans			**1 626 734**	**-**	**667 512**	**959 222**	**278 167**	**-**
ANNUITY LOAN								
Eden District Municipality @ 0.00%	-	2009/08/31	814 668	-	162 933	651 734	-	-
Eden District Municipality @ 0.00%	-	2013/02/28	539 273	-	77 039	462 234	-	-
			1 353 941	**-**	**239 972**	**1 113 968**	**-**	**-**
GOVERNMENT LOANS								
Total government loans			**-**	**-**	**-**	**-**	**-**	**-**
TOTAL EXTERNAL LOANS			**2 980 675**	**-**	**907 484**	**2 073 190**	**278 167**	**-**

APPENDIX B
ANALYSIS OF PPE AS AT 30 JUNE 2006

	Cost/revaluation					Accumulated depreciation					
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value	Budget additions
Land & Buildings											
Land	108 250 012	-	-	-	108 250 012	1 508 161	212 607	-	1 720 768	106 529 245	
Buildings	37 728 111	678 622	89 052	-	38 495 785	15 194 823	1 425 127	-	16 619 950	21 875 835	46 335 785
	145 978 123	678 622	89 052	-	146 745 798	16 702 984	1 637 734	-	18 340 718	128 405 080	46 335 785
Infrastructure											
Drains					-				-	-	
Roads	53 026 390	20 638 756	-	-	73 665 145	17 119 729	3 528 585	-	20 648 314	53 016 831	27 272 000
Beach improvements	-	-	-	-	-	-	-	-	-	-	-
Sewerage mains & Purif	65 534 864	1 840 465	5 628 384	-	73 003 713	15 032 720	3 139 875	-	18 172 594	54 831 118	11 325 018
Electricity mains	73 355 143	6 729 051	2 029 172	-	82 113 367	32 224 297	3 044 944	-	35 269 242	46 844 125	6 163 000
Electricity peak load equipment	702 962	614 272	-	-	1 317 234	83 655	41 011	-	124 667	1 192 567	480 000
Water mains & purification	11 733 366	235 800	-	-	11 969 166	3 890 839	771 617	-	4 662 456	7 306 710	230 000
Reservoirs - water	9 625 496	64 726	-	-	9 690 222	2 407 627	484 241	-	2 891 868	6 798 354	-
Water meters	1 619 008	113 476	-	-	1 732 484	258 451	97 798	-	356 249	1 376 235	100 000
Water mains	56 953 966	5 133 831	-	-	62 087 797	18 004 400	2 591 643	-	20 596 044	41 491 754	4 859 250
	272 551 196	35 370 378	7 657 556	-	315 579 129	89 021 719	13 699 716	-	102 721 434	212 857 695	50 429 268
Community assets											
Parks & gardens	2 048 082	91 147	-	-	2 139 230	325 849	91 143	-	416 992	1 722 238	535 000
Libraries	1 723 141	-	-	-	1 723 141	433 338	57 438	-	490 776	1 232 365	-
Recreation grounds	6 402 363	1 184 443	-	-	7 586 806	1 118 395	324 157	-	1 442 552	6 144 254	1 522 500
Civic buildings	11 756 192	966 509	1 651 960	-	14 374 661	5 086 822	394 963	-	5 481 784	8 892 877	-
	21 929 778	2 242 099	1 651 960	-	25 823 837	6 964 403	867 700	-	7 832 104	17 991 734	2 057 500
Heritage assets											
Historical buildings	-	-	-	-	-	-	-	-	-	-	-
Painting & art galleries	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	440 459 097	38 291 099	9 398 568	-	488 148 764	112 689 106	16 205 150	-	128 894 256	359 254 508	98 822 553

APPENDIX B
ANALYSIS OF PPE AS AT 30 JUNE 2006

	Cost/revaluation					Accumulated depreciation					
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value	Budget additions
Total brought forward	440 459 097	38 291 099	9 398 568	-	488 148 764	112 689 106	16 205 150	-	128 894 256	359 254 508	98 822 553
Housing rental stock											
Housing rental 1	-	-	-	-	-	-	-	-	-	-	-
Housing rental 2	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Leased assets (Infrastructure)											
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Other assets											
Landfill sites	-	-	-	-	-	-	-	-	-	-	260 000
Office equipment	21 344 286	1 035 325	7 526 986	281 379	29 625 217	11 592 635	2 197 035	212 118	13 577 551	16 047 666	300 000
Furniture & fittings	510 578	-	-	-	510 578	171 296	83 545	-	254 841	255 737	16 485 000
Bins & containers	159 924	122 939	-	-	282 863	34 019	20 285	-	54 304	228 558	155 000
Emergency equipment	3 541 574	306 058	-	-	3 847 632	1 266 896	191 827	-	1 458 722	2 388 910	-
Motor vehicles	9 237 401	-	-	211 128	9 026 272	5 877 561	989 189	165 933	6 700 817	2 325 456	-
Fire engines	796 680	-	-	-	796 680	355 724	39 834	-	395 558	401 122	-
Refuse tankers	1 692 876	587 568	-	-	2 280 444	168 132	213 355	-	381 487	1 898 957	588 800
Computer equipment	5 185 135	418 597	-	14 434	5 589 298	2 681 169	698 806	3 767	3 376 208	2 213 090	202 500
Council regalia	-	-	-	-	-	-	-	-	-	-	-
Conservancy tankers	-	-	-	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-	-	-	-
	42 468 453	2 470 488	7 526 986	506 942	51 958 984	22 147 431	4 433 876	381 818	26 199 489	25 759 496	17 991 300
Total	482 927 550	40 761 586	16 925 554	506 942	540 107 748	134 836 536	20 639 026	381 818	155 093 744	385 014 004	116 813 853

APPENDIX B(1): PROPERTY, PLANT AND EQUIPMENT								
30 June 2006								
Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2005	**129 275 139**	**183 529 477**	**14 965 375**	**-**	**20 321 022**	**-**	**-**	**348 091 013**
Cost	145 978 123	272 551 196	21 929 778	-	42 468 453	-	-	482 927 550
Correction of error	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	16 702 984	89 021 719	6 964 403	-	22 147 431	-	-	134 836 537
-cost	16 702 984	89 021 719	6 964 403		22 147 431	-	-	134 836 537
-revaluation	-	-	-	-	-	-	-	-
Acquisitions	678 622	35 370 378	2 242 099	-	2 470 488	-	-	40 761 587
Capital under construction	89 052	7 657 556	1 651 960	-	7 526 986	-	-	16 925 554
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	1 637 734	13 699 716	867 700	-	4 433 876	-	-	20 639 026
-based on cost	1 637 734	13 699 716	867 700	-	4 433 876	-	-	20 639 026
-based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	125 124	-	-	125 124
Cost/revaluation	-	-	-	-	506 942	-	-	506 942
Accumulated depreciation	-	-	-	-	381 818	-	-	381 818
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2006	**128 405 079**	**212 857 695**	**17 991 734**	**-**	**25 759 496**	**-**	**-**	**385 014 004**
Cost	146 745 797	315 579 130	25 823 837	-	51 958 985	-	-	540 107 749
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	18 340 718	102 721 435	7 832 103	-	26 199 489	-	-	155 093 745
-cost	18 340 718	102 721 435	7 832 103	-	26 199 489	-	-	155 093 745
-revaluation	-	-	-	-	-	-	-	-

APPENDIX B(1): PROPERTY, PLANT AND EQUIPMENT								
30 June 2005								
Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2004	**128 307 323**	**165 068 776**	**12 712 655**	**-**	**18 775 109**	**-**	**-**	**324 863 863**
Cost	143 471 047	242 448 030	18 954 004	-	37 020 381	-	-	441 893 462
Correction of error	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	15 163 723	77 379 254	6 241 350	-	18 245 272	-	-	117 029 599
-cost	15 163 723	77 379 254	6 241 350	-	18 245 272	-	-	117 029 599
-revaluation	-	-	-	-	-	-	-	-
Acquisitions	2 507 077	30 103 165	2 975 774	-	5 448 072	-	-	41 034 088
Capital under construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	1 539 261	11 642 465	723 054	-	3 902 158	-	-	17 806 937
-based on cost	1 539 261	11 642 465	723 054	-	3 902 158	-	-	17 806 937
-based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2005	**129 275 139**	**183 529 477**	**14 965 375**	**-**	**20 321 022**	**-**	**-**	**348 091 013**
Cost	145 978 123	272 551 196	21 929 778	-	42 468 453	-	-	482 927 550
Correction of error (note 32)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	16 702 984	89 021 719	6 964 403	-	22 147 431	-	-	134 836 536
-cost	16 702 984	89 021 719	6 964 403	-	22 147 431	-	-	134 836 536
-revaluation	-	-	-	-	-	-	-	-

APPENDIX C
SEGMENTAL ANALYSIS OF PPE
30 JUNE 2006

	Cost					Accumulated depreciation				
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
Municipal Manager	6 951 166	59 083	-	96 640	6 913 608	3 274 697	1 125 673	52 058	4 348 313	2 565 296
Manager Financial Services	785 653	197 179	-	-	982 832	180 679	171 857	-	352 536	630 296
Manager Technical Services	2 194 095	123 113	-	-	2 317 208	552 200	111 129	-	663 329	1 653 879
Electricity - Administration	57 763 422	-	-	149 972	57 613 450	32 853 637	2 235 011	149 972	34 938 675	22 674 774
Electricity - Distribution	23 425 427	8 180 254	2 029 172	14 434	33 620 420	2 081 410	1 405 889	3 767	3 483 532	30 136 887
Manager Corporate Services	130 280 035	88 541	85 500	-	130 454 076	14 201 316	1 158 161	-	15 359 476	115 094 600
Sewerage	73 086 299	2 232 878	5 628 384	-	80 947 561	18 369 479	3 657 195	-	22 026 674	58 920 887
Streets	42 612 953	17 358 729	-	28 580	59 943 102	15 919 263	3 057 389	21 271	18 955 381	40 987 721
Storm water	5 499 428	2 251 957	-	-	7 751 385	1 158 338	282 032	-	1 440 370	6 311 016
Water	83 761 853	5 610 043	-	100 709	89 271 188	26 463 113	4 539 264	57 254	30 945 123	58 326 064
Cleansing Services	5 285 230	695 268	-	-	5 980 498	2 312 430	513 616	-	2 826 046	3 154 452
Health Services	3 892 225	-	-	-	3 892 225	1 490 587	122 115	-	1 612 702	2 279 523
Parks, Recreation and Sport Ground	13 310 744	1 756 530	-	19 722	15 047 552	2 610 849	778 827	9 313	3 380 363	11 667 189
Beaches, C/ Park and Chalets	24 224 005	379 896	-	-	24 603 901	9 647 726	848 315	-	10 496 041	14 107 860
Fire Services	2 596 255	85 500	-	65 885	2 615 870	1 747 049	149 908	57 184	1 839 773	776 097
Public Safety	5 474 697	333 015	-	30 999	5 776 713	1 704 983	327 655	30 999	2 001 639	3 775 073
Manager Community Services	1 784 061	1 409 601	9 182 498	-	12 376 160	268 782	154 990	-	423 771	11 952 389
TOTAL	482 927 550	40 761 586	16 925 554	506 942	540 107 748	134 836 536	20 639 026	381 818	155 093 744	385 014 004

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

2005	2005	2005		2006	2006	2006
Actual income	**Actual expenditure**	**Surplus/ (deficit)**		**Actual income**	**Actual expenditure**	**Surplus/ (deficit)**
R	**R**	**R**		**R**	**R**	**R**
106 976	13 047 825	(12 940 849)	Municipal Manager	21 886 002	15 571 948	6 314 053
1 505	5 834 293	(5 832 788)	Manager Corporate Services	479 686	4 632 947	(4 153 261)
699 856	2 230 097	(1 530 241)	Land and Buildings	886 027	2 821 978	(1 935 951)
66 176	2 407 610	(2 341 434)	Libraries	76 744	2 672 630	(2 595 886)
31 760 158	17 555 731	14 204 427	Manager Financial Services	37 732 876	11 669 781	26 063 095
3 831 022	4 894 917	(1 063 895)	Manager Technical Services	6 179 772	3 590 857	2 588 915
92 479 971	69 726 247	22 753 724	Electricity	104 247 445	67 135 125	37 112 320
69 340	11 905 844	(11 836 504)	Streets	5 446 693	16 764 032	(11 317 339)
26 751 525	17 252 461	9 499 064	Sewerage	42 569 609	27 764 824	14 804 785
37 419 004	29 096 602	8 322 402	Water	46 997 350	37 267 436	9 729 914
446 317	7 833 438	(7 387 121)	Manager Community Services	17 354 415	9 559 270	7 795 145
6 387 563	4 733 669	1 653 894	Caravan Parks and Chalets	6 812 440	5 931 824	880 616
52 350	392 552	(340 202)	Cemeteries	62 890	399 818	(336 928)
13 962 505	12 327 851	1 634 654	Cleansing	18 793 563	20 007 979	(1 214 416)
3 769 243	6 141 948	(2 372 705)	Health	3 715 422	4 351 125	(635 703)
6 044 987	13 461 186	(7 416 199)	Public Safety and Rescue Services	6 805 564	15 089 448	(8 283 884)
7 437	6 068 943	(6 061 506)	Parks and Recreation	206 818	6 796 152	(6 589 334)
223 855 935	**224 911 214**	**(1 055 279)**	Sub Total	**320 253 315**	**252 027 175**	**68 226 141**
	14 290 303	14 290 303	Less inter-dep charges		2 833 088	2 833 088
223 855 935	**210 620 911**	**13 235 024**	**Total**	**320 253 315**	**249 194 087**	**71 059 229**

APPENDIX E(1)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

REVENUE	2006 Actual (R)	2006 Budget (R)	2006 Variance (R)	2006 Variance (%)	Explanation of significant variance greater than 10% versus budget
Property rates	32 855 033	29 858 777	2 996 256	10.03%	Higher income realised on interim valuation due to growth.
Property rates - penalties imposed & collection charges	1 294 384	750 000	544 384	72.58%	Income higher than was budgeted for
Service charges	178 714 127	185 339 191	(6 625 064)	-3.57%	
Regional services levies - turnover	-	-	-	0.00%	
Regional services levies - remuneration	-	-	-	0.00%	
Rental of facilities & equipment	1 182 077	3 458 441	(2 276 364)	-65.82%	Office space budgeted for not utilised
Interest earned - external investments	10 692 715	7 633 251	3 059 464	40.08%	Actual interest earned on cash investments exceeding budget to higher budgeted cash balance
Interest earned - outstanding debtors	643 747	-	643 747	100.00%	Not budgeted for
Dividends received	-	-	-	0.00%	
Fines	2 843 291	2 514 350	328 941	13.08%	Higher income on traffic fines as was budgeted for
Licences and permits	3 586 068	2 915 500	670 568	23.00%	Increase in motor vehicle registrations
Income for agency services	-	-	-	0.00%	
Government grants and subsidies	46 157 523	16 836 000	29 321 523	174.16%	Due to implementation of GRAP all grants and subsidies were not budgeted for as revenue
Other income	36 144 635	3 784 180	32 360 455	855.15%	Certain items not budgeted for
Public contributions, donated/contributed PPE	5 996 998	4 414 000	1 582 998	35.86%	Item budgeted through the capital budget not transferred to revenue during budget process
Gains on disposal of PPE	142 717	-	142 717	100.00%	Not budgeted for
Total Revenue	**320 253 315**	**257 503 690**	**62 749 625**	24.37%	
EXPENDITURE					
Employee-related costs	77 729 778	81 908 591	(4 178 813)	-5.10%	Posts budgeted for not filled.
Remuneration of Councillors	3 162 351	2 656 398	505 953	19.05%	Higher increase in salaries and benefits than anticipated.
Bad debts	10 827 434	8 313 871	2 513 563	30.23%	Contribution to reserve, less than was budgeted for
Collection costs	4 884 647	2 910 000	1 974 647	67.86%	Actual expenditure higher than budget
Depreciation	20 639 026	21 837 207	(1 198 181)	-5.49%	Savings on capital budget
Repairs and maintenance	17 262 768	12 971 380	4 291 388	33.08%	Items for upgrading in capital budget transferred to operating expenditure
Interest on external borrowings	274 065	139 171	134 894	96.93%	External budgeted for not taken up during the year
Bulk purchases	51 826 074	54 326 718	(2 500 644)	-4.60%	
Contracted services	9 014 323	10 099 669	(1 085 346)	-10.75%	Less contractors used
Grants and subsidies paid	9 251 756	7 783 000	1 468 756	18.87%	All grants not budgeted for in operating budget
General expenses - other	44 242 637	37 479 381	6 763 256	18.05%	All expenditure in suspence accounts debited as operating expenditure
Loss on disposal of PPE	79 227	-	79 227	100.00%	Not budgeted for
Total Expenditure	**249 194 086**	**240 425 386**	**8 768 700**	3.65%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	71 059 229	17 078 304	53 980 925	316.08%	

APPENDIX E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual R	2006 Under construction R	2006 Total additions R	2006 Budget R	2006 Variance R	2006 Variance %	Explanation of significant variances greater than 5% versus budget
Land and Buildings							
Land	-	-	-	-	-	0.00%	
Buildings	767 674	89 052	678 622	46 335 785	45 568 111	98.34%	Housing projects that was budgeted for, did not commence during the year
	767 674	89 052	678 622	46 335 785	45 568 111	98.34%	
Infrastructure							
Drains	-	-	-	-	-	0.00%	
Roads	20 638 756	-	20 638 756	27 272 000	6 633 244	24.32%	Transfers to normal maintenance
Beach improvements	-	-	-	-	-	0.00%	
Sewerage Mains & Purif	7 468 849	5 628 384	1 840 465	11 325 018	3 856 169	34.05%	Ongoing projects not completed during the financial year.
Electricity Mains	8 758 224	2 029 172	6 729 051	6 163 000	(2 595 224)	-42.11%	Additional expenditure for projects not budgeted for
Electricity peak load equip	614 272	-	614 272	480 000	(134 272)	-27.97%	Maintenance budgeted as capital, transferred to operating expenditure
Water mains & purification	235 800	-	235 800	230 000	(5 800)	-2.52%	
Reservoirs - Water	64 726	-	64 726	-	(64 726)	100.00%	Expenditure approved through adjustment budget
Water meters	113 476	-	113 476	100 000	(13 476)	-13.48%	Higher demand to growth in property market
Water mains	5 133 831	-	5 133 831	4 859 250	(274 581)	-5.65%	Maintenance budgeted as capital, transferred to operating expenditure
	43 027 934	7 657 556	35 370 378	50 429 268	7 401 334	14.68%	
Community Assets							
Parks & Gardens	91 147	-	91 147	535 000	443 853	82.96%	Items budgeted for as capital was transferred to normal maintenance
Libraries	-	-	-	-	-	0.00%	
Recreation grounds	1 184 443	-	1 184 443	1 522 500	338 057	22.20%	Transfers to normal maintenance
Civic buildings	2 618 469	1 651 960	966 509	-	(2 618 469)	100.00%	Expenditure approved through adjustment budget
	3 894 059	1 651 960	2 242 099	2 057 500	(1 836 559)	-89.26%	
Heritage assets							
Historical buildings							
Painting & art galleries							
	-	-	-	-	-	0.00%	
Total carried forward	47 689 667	9 398 568	38 291 099	98 822 553	51 132 886	51.74%	

APPENDIX E(2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual R	2006 Under construction R	2006 Total additions R	2006 Budget R	2006 Variance R	2006 Variance %	Explanation of significant variances greater than 5% versus budget
Total brought forward	47 689 667	9 398 568	38 291 099	98 822 553	51 132 886	51.74%	
Housing rental stock							
Housing rental 1	-	-	-	-	-	0.00%	
Housing rental 2	-	-	-	-	-	0.00%	
	-	-	-	-	-	0.00%	
Leased assets (Infrastructure)							
Sewerage Mains & Purify							
	-	-	-	-	-	0.00%	
Other assets							
Landfill sites	-	-	-	260 000	260 000	0.00%	
Office equipment	8 562 311	7 526 986	1 035 325	300 000	(8 262 311)	-2754.10%	All loose assets included in this total
Furniture & fittings	-	-	-	16 485 000	16 485 000	0.00%	
Bins & containers	122 939	-	122 939	-	(122 939)	100.00%	Expenditure approved through adjustment budget
Emergency equipment	306 058	-	306 058	155 000	(151 058)	-97.46%	Expenditure approved through adjustment budget
Motor vehicles	-	-	-		-	0.00%	
Fire engines	-	-	-		-	0.00%	
Refuse tankers	587 568	-	587 568		(587 568)	100.00%	Expenditure approved through adjustment budget
Computer equipment	418 597	-	418 597	588 800	170 203	28.91%	Expenditure not realised
Councillors regalia	-	-	-	202 500	202 500	0.00%	
Conservancy tankers	-	-	-	-	-	0.00%	
Watercraft	-	-	-	-	-	0.00%	
	9 997 473	7 526 986	2 470 488	17 991 300	7 993 827	44.43%	
Total	57 687 141	16 925 554	40 761 586	116 813 853	59 126 712	50.62%	

APPENDIX F
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
GRANTS AND SUBSIDIES RECEIVED

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld				Total
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	
CAPITAL GRANTS														
*Reroute 22 & 11 KVA Power Line	NER	464 769	-	-	-	-	-	-	914 768	-	-	-	-	**(449 999)**
*Electrification Houses	NER	91 108	-	-	-	947 322	-	-	-	-	-	-	-	**(856 214)**
*Collaborator	Eden District Municipality	73 653	-	-	-	-	-	-	-	-	-	-	-	**73 653**
Street Lights	MIG	20 000	-	-	-	-	-		108 533	-	-	-	-	**(88 533)**
Electr. Langeberg Mall	Developer	-	944 329	-	-	-	-	134 857	521 154	-	-	-	-	**288 318**
Electrification Houses	NER	-	-	1 666 667	-	-	-	-	1 373 161	-	-	-	-	**293 506**
Asset Evaluation Study	PAWC	-	-	-	62 500	-	-	-	62 500	-	-	-	-	**-**
Stormwater Masterplan	Eden District Municipality	-	-	-	-	31 738	204 092	84 298	1 256 675	-	-	-	(1 400 000)	**(176 803)**
Entrance Road	Public Contribution	-	-	-	173 786	-	-	67 501	492 693	-	-	-	(100 000)	**(286 408)**
*Pedestrian Walkway	PAWC	357 646	149 633	-	-	-	-	-	784 546	-	-	-	-	**(277 267)**
Minibus Taxi Ranks		-	371 204	332 729	-	-	-	-	703 933	-	-	-	-	**-**
Minibus Taxi Ranks - Louis Fourie		-	209 017	-	-	-	279 017	-	-	-	-	-	-	**(70 000)**
Mobility Strategies	PAWC	56 450	517 638	2 300 324	-	228 242	792 595	430 331	418 494	-	-	-	-	**1 004 750**
*Sidewalks - Greenhaven	MIG	100 812	-	-	-	100 812	-	-	-	-	-	-	-	**-**
Upgrade Sewer Plant	MIG	-	1 265 600	1 092 000	3 600 000	338 481	1 289 895	1 633 457	2 366 551	-	-	-	-	**329 216**
GBR/Wolwedans Water Scheme	MIG	-	-	-	400 000	142 252	707 856	612 221	593 837	-	-	-	-	**(1 656 166)**
Raw Water Pipeline	Eden District Municipality	1 071 260	-	-	-	-	-	-	1 070 273	-	-	-	-	**987**
Spatial Development	PAWC	-	-	260 000	-	-	6 000	77 068	176 932	-	-	-	-	**-**
*Rezoning Scheme Charts	PAWC	45 000	-	-	-	-	-	-	14 057	-	-	-	-	**30 943**
*Planning Infill Areas	PAWC	50 000	-	-	-	-	-	-	50 000	-	-	-	-	**-**
*Capital Works Mossgas	Public Contribution	49 734	-	-	-	-	-	-	-	-	-	-	-	**49 734**
*Piet Julies Aids Committee	Eden District Municipality	30 000	-	-	-	-	-	-	25 239	-	-	-	-	**4 761**
Friemersheim Housing	PAWC	-	-	403	110 400	-	-	-	110 803	-	-	-	-	**-**
*Civic Park Top Structures	PAWC	-	-	-	-	61 830	-	-	-	-	-	-	(61 830)	**-**
*Wolwedans Housing Project	PAWC	2 540 160		1 165 304	604 800	476 651	2 523 139	949 886	2 950 080	-	-	-	(2 589 492)	**-**
Azizani Zinyoka Top Structures	PAWC	-	-	516 426	-	-	-	203 805	312 621	-	-	-	-	**-**
KWA/Elangeni P.H.P.	PAWC	54 109	-	-	-	1 254	33 118	19 737	-	-	-	-	-	**-**
*Airfield Top Structures	PAWC	15 248	-	-	19 139	-	-	-	-	-	-	-	-	**34 387**
*Brandwag Sportfields	PAWC	145 498	-	-	-	-	-	-	-	-	-	-	-	**145 498**
*Upgrade Sport Facilities	PAWC	288 600	220 000	-	-		113 449	94 011	258 529	-	-	-	-	**42 611**
*Sport Facilities (Casino)	Developer	438 596	-	-	-	-	-	-	-	-	-	-	-	**438 596**

APPENDIX F
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
GRANTS AND SUBSIDIES RECEIVED

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld				Total
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June	
OPERATIONAL GRANTS														
*Transformation Funds	PAWC	161 713	-	-	-	34 960	18 388	28 181	5 376	-	-	-	-	**74 808**
*Alien Vegetation	PAWC	20 000	-	-	-	20 000	-	-	-	-	-	-	-	**-**
*Community Project - Bush Clearing	Public Contribution	59 913	-	-	-	-	-	-	59 913	-	-	-	-	**-**
*Eradication Alien Plantation	PAWC	170 000	-	-	-	61 101	8 242	88 508	12 149	-	-	-	-	**-**
Tourism Development Project	Eden District Municipality	-	150 000	-	-	-	-	-	-	-	-	-	-	**150 000**
*Airfield 263 erven	PAWC	26 307	-	-	-	-	-	-	-	-	-	-	-	**26 307**
*Repair Water Leakages	PAWC	115 427	-	-	-	-	-	-	-	-	-	-	-	**115 427**
*Finance Management	NT	609 243	-	-	-	88 505	50 976	40 483	-	-	-	-	-	**429 279**
*Equitable Share	NT	5 907 118	3 588 031	3 588 031	-	1 399 634	1 486 456	1 500 536	1 559 315	-	-	-	-	**7 137 239**
Relief/Charitable Funds	Public Contribution	173 500	28 500	-	65 000	94 631	100 730	-	70 854	-	-	-	-	**785**
		-	-	-	-	-	-	-	-	-	-	-	-	**-**
		-	-	-	-	-	-	-	-	-	-	-	-	**-**
		13 135 864	**7 443 952**	**10 921 884**	**5 035 625**	**4 027 413**	**7 613 953**	**5 964 880**	**16 272 986**	**-**	**-**	**-**	**(4 151 322)**	**6 809 415**

**These amounts include unspent balances from previous year.*

1. The Municipality complies with the Grant Conditions in terms of the Grant Framework in the latest division of Revenue Act.

2. CONDITIONS NOT MET

Where the conditions were not fully met, it was due to the fact that projects started late, and will be uitilised in the 2006/2007 financial year.

3. PROJECTS FUNDING DELAYED

3.1 Claims submitted after expenditure was incurred.

3.2 Claim submitted after expenditure was incurred for balance of expenditure.

3.3 Subsidies on Housing Projects not paid by Provincial Aministration.

3.4 Project was approved, but no reason provided by Provincial Administration for the delay in payments.